

Total Compensation Advisory Council (TCAC)
Minutes of the Meeting of February 28, 2003

Present: Art Barnhart
Michael Coulter
Daniel Frelund
Katherine Newell
Dorien Rawlinson
Phil Savage
Rep. Dave Schultheis

DPA Ken Allikian
Jeff Schutt
Gena Trujillo
Jeff Woodhouse

Announcements: Mr. Allikian called the meeting to order.

Mr. Allikian asked for approval of the minutes of the January 24, 2003, meeting. The minutes were approved with an earlier edit incorporated.

Benefits Update: Ms. Trujillo distributed a chart of open enrollment numbers. These numbers included preliminary enrollment numbers from the scanning process implemented for the open enrollment, a snapshot of enrollment numbers reported after the January payroll was run, and a final enrollment number run based on the comparison of the eligibility files to the actual premium payment that was received. The chart also had a breakdown of enrollees by health and dental carrier. The preliminary enrollment was 23,749, the snapshot enrollment shows 25,308. The final enrollment number is 25,381. The state lost about 2,069 employees enrolling in a medical plan with the state and 1,684 employees on dental. The enrollment percentage change is 7% less enrolled in 2003 compared to December 2002.

At the beginning of 2002 there were 38,000 eligible employees, at the beginning of 2003 there were 37,609 eligible employees. At the beginning of 2002 there were about 10,000 employees that were eligible for coverage and not electing a state plan, in January 2003 there were 12,301.

Currently there are approximately 33% of total eligible employees not enrolled in a state plan and 67% are enrolled with one of the state health programs. Enrollment numbers have always been higher for dental than medical.

The benefits unit has enrollment numbers back to 1990. The enrollment numbers stay fairly steady. In the last three years there has been a decline in enrollment from employees.

The benefits unit conducted a targeted survey of the employees that elected not to take a state plan this year. There were approximately 12,000 employees that chose not to elect a state plan. A targeted survey was done of 3,030 employees. Of the 3,030 surveys that were sent out, 1,364 responded to the survey, which is a 45% return. About 13% of the surveys returned indicated no insurance.

The benefits unit has not completed the analysis of the returned responses. However, the preliminary review indicates some interesting items. For example, the following depicts employees who are married with children – but who have no coverage for themselves or their family members. Of these employees that indicated they have no health coverage:

- Approximately 55% were in the 35-49 age category with the next highest percentage being in the 25-34 age category.
- In this same group, 69% indicated that they had health coverage in 2002.
- The majority indicated that their state only income was between \$25-35,000 annually and that combined household income was between \$25-45,000 annually.
- Indicated that they lived in small towns.
- Are male.
- 69% indicated that they have 1-2 children.
- Rated themselves, their spouse and children to be in “good” health.
- The three top factors affecting their decision to elect no health coverage of any kind – cost, out of pocket expenses, and benefits. The factors least considered in decision process - hospital networks, the carrier’s reputation, and the quality of care.

During the next open enrollment period, a survey will be sent out with the packets so employees can indicate at that time why they are not choosing a state health plan.

Mr. Coulter asked if carriers send a data analysis of what benefits are mostly utilized, such as drugs, surgeries, office visits, etc. Ms. Trujillo responded that when the state was self-insured carriers would send all utilization data. Since the state is not currently self-insured the carriers do not readily send this information. Currently, the state does have one carrier that consistently sends utilization data. The benefits unit is requesting that other contracted carriers send data. However, the unit is not assured of getting regular reports.

The results of the initial survey will be posted on the website in March. The benefits unit will also post the survey on the DHR website during March so that all employees not electing the state sponsored healthcare programs have an opportunity to respond. The benefits unit will also post a general survey for all employees.

Legislative Update: Jeff Woodhouse talked about the two main bills that are getting most of the attention. They are the Total Compensation bill and the Personal Services Contracts bill.

There was a lot of time spent talking with groups to get the right language and making sure that Speaker Spradley's concerns and the issues she wanted covered were in the total compensation bill. The thrust of the legislation is to be able to use the money that the Joint Budget Committee gives for state employees in the matter of total compensation more efficiently and more effectively.

There will be one recommendation for salary survey, one for employer contribution to health benefits, and one for performance pay. The bill will add the health, life and dental and pay for performance funding to the legislative salary survey funding process.

The bill will also change the structure, number of council members, and the method of obtaining council members for the Total Compensation Advisory Council. The reason for the change is to increase participation on the council and allowing the General Assembly to have more input to TCAC appointments.

Ms. Rawlinson indicated that she had a couple of technical questions on the wording of the bill. One was regarding the state controllers' and attorney general's terms, and if this bill passes who appoints the first members. These concerns will be addressed.

The misperceptions surrounding the Personal Services Contracts bill are that the state is going to outsource everyone's job in state government. That is not the case. Departments are saving money, they are making the budget cuts because of vacancy savings. The work that needs to be done is not going away, other employees are picking up the extra work. There are a lot of services already being done through contracts. Getting the contracts approved is more difficult. If the contracts are not approved, either the services will go away or they will fall on someone else to do.

Mr. Schutt explained that even though the bill allows more flexibility in the personal services contracts, the bill is strengthening the protection of employees by specifying that no employee would have their pay, status or tenure adversely affected.

The contracts the state writes with vendors must have performance-driven measures. If this makes it to law it will require performance-based contracting.

Mr. Coulter asked if, per the Stateline Extra stating that the bill does allow vacant positions to be abolished and replaced by contractors, is there a plan to get more contractors? Mr. Schutt responded that the bill does not specifically address this.

All the bills that DPA is following will be up on DPA's homepage Monday or Tuesday. Specific bills that DPA has, bills that affect state employees, and any fiscal note requests will be put on the homepage.

Survey Recommendations: In December the department updated the salary survey report. The department aged the data to July. The Employment Cost Index (ECI) that the department had available for the August report was the March 2002 ECI. With the September 2002 ECI, the department reduced the recommendations by 0.4%.

The JBC is recommending delaying the survey until March 2004.

Announcements: Mr. Allikian indicated that the entrance conference with the Auditor's Office has been held. The group, Millman USA, is the group selected by the Auditor's Office to do the Total Compensation survey audit.

Gallagher/Byerly is the group chosen by the Auditor's Office to do the benefits audit.

Tentative Agenda for March 28, 2003

Legislative Update

Benefits Update